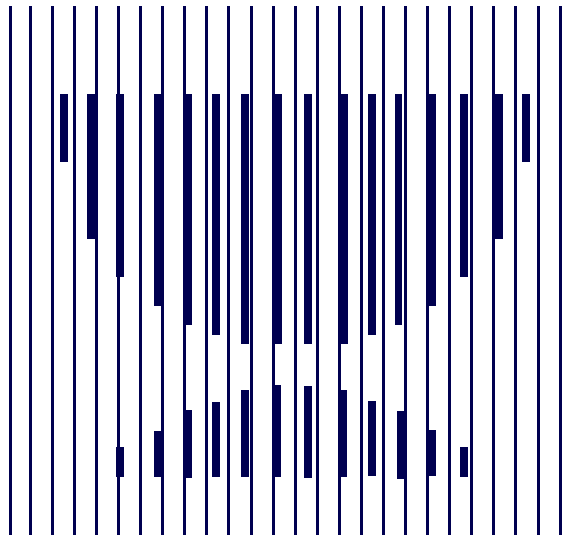


CBO MEMORANDUM

**AN ANALYSIS OF ALTERNATIVE
CHILD SUPPORT
ASSURANCE PROGRAMS**

April 1996



CONGRESSIONAL BUDGET OFFICE

CBO

MEMORANDUM

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CONGRESSIONAL BUDGET OFFICE
SECOND AND D STREETS, S.W.
WASHINGTON, D.C. 20515

NOTE

Numbers in the text and tables of this memorandum may not add up to totals because of rounding.

This Congressional Budget Office (CBO) memorandum analyzes the potential costs and other impacts of proposals for a government program of child support assurance. Such a program would provide payments to children who were living apart from at least one of their parents if the child support paid by the noncustodial parent fell below a specified amount. The memorandum was prepared as part of the response to a 1993 request from Dan Rostenkowski, then Chairman of the House Committee on Ways and Means. In accordance with CBO's mandate to provide objective, impartial analysis, the memorandum contains no recommendations.

Janice Peskin, formerly of CBO's Health and Human Resources Division, prepared the memorandum under the direction of Joseph R. Antos, Nancy M. Gordon, and Ralph Smith. Special thanks are due to John Tapogna, who provided helpful comments and suggestions throughout the project. The estimates of costs and other aspects of child support assurance programs (CSAPs) are based on the Urban Institute's TRIM2 microsimulation model. The estimates could not have been made without the work of institute staffers Sandy Clark, Daniel Dowhan, Linda Giannarelli, Elaine Sorensen, and Laura Wheaton. The contributions of Linda Mellgren and Don Oellerich of the Department of Health and Human Services were essential in developing specifications for simulating CSAPs. At CBO, Julia Matson reviewed the paper and Cori Uccello provided research assistance. Paul Cullinan, Irwin Garfinkel, Daniel Meyer, Daniel Mont, and Laura Wheaton also commented on earlier drafts.

Leah Mazade edited the manuscript, and Christian Spoor proofread it. Sharon Corbin-Jallow typed the several versions and prepared the final document for publication.

CONTENTS

SUMMARY AND INTRODUCTION	1
Summarizing the Costs of CSAPs and Their Effects on Families	3
Summarizing a CSAP's Potential Effects on Behavior	10
DESIGNING A CSAP AND ESTIMATING ITS EFFECTS	13
Designing a CSAP	13
CBO's Approach to Estimating the Effects of a CSAP	15
ALTERNATIVE PROGRAM DESIGNS AND THEIR EFFECTS	19
Varying Conditions of Eligibility	20
Setting the Level and Structure of the Maximum Benefit	27
Imposing a Means Test	35
Integrating a CSAP with Other Government Programs	42
Other Design Issues	47
BEHAVIORAL CHANGES	51
Securing Awards	52
Reducing Child Support Payments	53
Changes in How Much People Work	55
Increasing Family Dissolution and Out-of- Wedlock Births	56
Altering Relationships Between Parents and Between Parents and Their Children	57
Illustrative Effects of Selected Behavioral Changes	58
APPENDIXES	
A Supporting Tables	69
B Comparing Costs and Effects of a Child Support Assurance Program in 1989 and 1995	77
C The Trim2 Model as the Basis for CBO's Estimates	81

TABLES

1.	Estimated Costs and Effects Under Three Standard Designs of a Child Support Assurance Program, 1995	6
2.	Estimated Costs and Effects of Varying Eligibility in a Child Support Assurance Program with a Medium Maximum Benefit, 1995	22
3.	Estimated Distribution of Child Support Awards and Payments by Number of Children, 1995	29
4.	Estimated Costs and Effects of Changing the Maximum Benefit Level in a Child Support Assurance Program, 1995	30
5.	Estimated Costs and Effects of Capping Benefits from a Child Support Assurance Program at the Amount of a Family's Child Support Award, 1995	33
6.	Estimated Income Distribution and Poverty Status of Eligible Families Under Three Standard Designs of a Child Support Assurance Program, 1995	37
7.	Estimated Costs and Effects of Means-Testing Benefits Under Three Standard Designs of a Child Support Assurance Program, 1995	40
8.	Estimated Costs and Effects of Counting as Income in the AFDC Program 67 Percent of Benefits Under Three Standard Designs of a Child Support Assurance Program, 1995	44
9.	Illustrative Costs of and Effects on a Child Support Assurance Program of Increasing the Number of Women Who Have Child Support Awards, 1995	62
10.	Illustrative Costs of and Effects on a Child Support Assurance Program of Decreasing the Number of Mothers Who Receive Partial Child Support Payments, 1995	64

11.	Illustrative Costs of and Effects on a Child Support Assurance Program of Increasing the Number of Mothers with Awards by 30 Percent and Decreasing the Number of Mothers with Partial Child Support Payments by 30 Percent, 1995	66
A-1.	Estimated Costs and Effects of Imputing Child Support to Cooperators, 1995	70
A-2.	Estimated Costs and Effects of Varying Eligibility in a Child Support Assurance Program with Low and High Maximum Benefits, 1995	72
A-3.	Estimated Costs and Effects of Means-Testing Benefits Under Three Standard Designs of a Child Support Assurance Program Using an Alternative Means Test, 1995	74
B-1.	Estimated Costs and Effects of a Child Support Assurance Program That Has a Low Maximum Benefit and Requires an Award for Eligibility, 1989 Versus 1995	78
B-2.	Estimated Costs and Effects of a Child Support Assurance Program That Has a Medium Maximum Benefit and Requires an Award or Cooperation for Eligibility, 1989 Versus 1995	79
B-3.	Estimated Costs and Effects of a Child Support Assurance Program That Has a High Maximum Benefit and Requires an Award or Cooperation for Eligibility, 1989 Versus 1995	80
BOX		
1.	General Estimating Assumptions	16

SUMMARY AND INTRODUCTION

When a marriage dissolves or an out-of-wedlock birth occurs, the affected children may become eligible for child support from their noncustodial parent. In recent decades, the number of those children has grown dramatically. Yet most receive no child support and suffer the reduced standard of living that lack of support entails.

Legislators, program administrators, and policymakers at all levels of government have responded strongly to the inadequacies of the child support system by expanding enforcement tools and adding resources in an effort to improve its effectiveness. Reform of the system has been under way for at least two decades, beginning with the enactment of the Child Support Enforcement (CSE) program in 1975. The CSE program, which is funded jointly by federal and state governments, establishes paternity, locates noncustodial parents, secures awards, enforces obligations, and collects and distributes support to custodial parents who receive Aid to Families with Dependent Children (AFDC) and to other parents who apply for its services. It is one part of a complex set of institutions, including local courts and related administrative bodies, that together form the child support system.

Throughout the 1980s and early 1990s, the federal government imposed more requirements on state child support agencies and courts as a means of improving performance. In 1984, the Child Support Enforcement Amendments required child support agencies to use specific procedures (such as withholding support from the wages of noncustodial parents who were delinquent in their payments) and to provide services to families who were not receiving AFDC. The Family Support Act of 1988 imposed many new requirements including those for the establishment of paternity, the use of state guidelines in setting child support awards, the periodic review and modification of awards, and the mandatory withholding of child support from the wages of most noncustodial parents immediately after an award has been issued or modified. In 1993, the Omnibus Budget Reconciliation Act further strengthened rules regarding the establishment of paternity. More recently, the Congress and the Administration have proposed another round of major changes, including reporting by employers of information on newly hired workers and suspension of driver's and professional licenses for failure to pay child support.

By the end of the 1980s, the child support system was providing services to a greatly expanded number of custodial parents and their children, but the system's effectiveness in securing awards and enforcing the payment of support had scarcely improved. By 1995, however, the Congressional Budget Office (CBO) projected modest gains in the proportions of custodial mothers who had child support awards and who received payments.¹

1. For more information on the nature and effectiveness of the CSE program and on recent legislative changes, see Congressional Budget Office, *The Changing Child Support Environment*, CBO Paper (February 1995).

Yet considerable room remains for improvement. In 1995, only 43 percent of all families who included a mother with children who were potentially eligible for child support received any formal support, according to CBO's estimates.² Almost one-half of all families headed by a custodial mother had never been awarded support. Among those families who had child support awards, roughly one-half received the full amount they were due. Most of the remaining families received a partial payment; however, one-fifth of them received nothing in 1995.

This lack of child support contributes to the impoverishment of many families with children. Of all families with custodial mothers who were potentially eligible for child support in 1995, CBO estimated that almost one-third lived in poverty.³ About 60 percent had family incomes of \$30,000 a year or less, compared with one-quarter of all married-couple families with children in 1994.

Assuring that families with a custodial parent received child support regularly, in amounts that they could count on each month, would improve their financial situations. To that end, some people have looked to the development of a child support assurance program (CSAP). In the United States, a handful of academics were supporters as far back as the late 1970s. More recently, members of the Congress and the Clinton Administration have proposed demonstrations of a CSAP that would provide data on its effects. New York and Virginia have undertaken demonstrations of programs similar to a CSAP but with eligibility limited to families who are receiving AFDC. Abroad, a number of countries--including Austria, Denmark, Israel, the Netherlands, Norway, and Sweden--have enacted programs similar to child support assurance.

What exactly is a CSAP? In its broadest interpretation, it is a government program to ensure that children who live apart from one (or sometimes both) of their parents receive support if the child support paid by the noncustodial parent (or parents) falls below the CSAP's maximum benefit. For example, if the maximum benefit was \$300 a month for two children and a custodial parent received \$100 in child support from the children's noncustodial parent, the government would pay the family \$200 in benefits in that month. According to proponents, the CSAP would ensure reliable child support payments each month and reduce reliance on AFDC. It could also encourage parents to establish paternity and secure child support awards if eligibility for the CSAP was contingent on having an award. Yet, as critics note, such a program would expand the role of government in the lives of U.S. citizens and

2. Families who are potentially eligible for child support in this analysis are those with children under age 21 who have a living noncustodial father and who reside with their custodial mother.

3. The poverty threshold, which varies by family size, was projected by CBO to be about \$12,000 for a family of three in 1995.

raise government expenditures, contributing to the federal deficit. It would also provide incentives for noncustodial parents to reduce their payments of child support and for families to break up.

Until now, the literature on CSAPs has largely reflected the views of their proponents. CBO undertook this analysis of such programs to objectively probe their advantages and disadvantages and to measure, as accurately as possible, their costs and effects on families. Previous estimates of a CSAP's effects were available only for the mid- to late 1980s, when the number of potentially eligible families was much smaller than it is today. CBO's analysis presents estimates for 1995.

By focusing solely on a CSAP, this memorandum ignores one critical aspect of any comprehensive evaluation--namely, how a CSAP compares with other income support programs. Although child support assurance is unique in certain respects--for example, in focusing on and replacing child support--many of its aims (such as encouraging work and reducing the number of poor families) are shared with other programs. In a world of limited resources, in which cuts in programs rather than expansions are the norm, scarce dollars must go where they will do the most good. Evaluators who take that broader view must ask whether additional dollars for programs primarily for low- and moderate-income families would be best used for wage or earnings subsidies, education and training programs, child care subsidies, other programs, or a CSAP. If additional dollars could go to only one program, which one would best meet the critical aims of such support? Alternatively, would there be a role for all of these programs, and would a mix of them add something valuable that a single program would not? If so, would a CSAP be an important component of that mix?

Summarizing the Costs of CSAPs and Their Effects on Families

The design of a CSAP would determine its costs and how it affected the families who participated in it. Developing that design would be no small task--policymakers and program administrators would have to make literally hundreds of decisions, large and small. For this memorandum, CBO has studied the features of the CSAPs that have been set out in recent Congressional bills and proposals and in the academic literature

of the past decade and a half.⁴ Costs for those programs range from relatively low levels under some designs to substantial amounts under others.

The estimated costs and effects that CBO presents here are for calendar year 1995, based on simulations that use the Urban Institute's Transfer Income Model, Version 2 (TRIM2). The data that form the basis of the model are taken from the March 1990 Current Population Survey (CPS) and the matched March 1990 CPS/April 1990 Child Support Supplement of the Bureau of the Census; both data sets contain information on incomes for 1989. To estimate the costs of a CSAP in place in the mid-1990s and its effects on families, CBO projected changes in child support from 1989 to 1995, which were then integrated with TRIM2 so that simulations could be run that reflected circumstances in 1995.

Several aspects of CBO's estimates should be kept in mind. First, because of data constraints, the estimates include only children who are living with custodial mothers. By excluding children who are living with custodial fathers or with other relatives, the estimates understate the costs of a CSAP and its effects on families and their poverty status.

Second, CBO assumed that all mothers who were receiving AFDC and who were potentially eligible for child support would participate in a CSAP. Ordinarily, that would be an unusual assumption, given that participation among families who are eligible for benefits in any income support program generally falls below 100 percent. (Participation rates vary widely among programs, depending on such factors as ease of access, stigma, and the amount of benefits.) In the case of a CSAP, CBO assumed that the higher rate would apply because states would probably require mothers who were receiving AFDC to participate, especially if the federal government was paying all the costs of the CSAP. (Benefits from a CSAP would substitute for some or all of a family's AFDC payments, which would reduce state spending for that program.) If families who were receiving AFDC participated at rates of less than 100 percent, the costs of a CSAP would drop significantly. For all mothers, both those who were receiving AFDC and those who were not, average

4. As of early 1996, several bills with CSAP demonstrations had been introduced in the 104th Congress. The 103rd Congress saw the introduction of other such bills including S. 689 (Bradley); S. 663 (Rockefeller); S. 1962 (Dodd); H.R. 1600 (Roukema); and H.R. 4767 (Matsui). Selected studies of a CSAP include Irwin Garfinkel, *Assuring Child Support: An Extension of Social Security* (New York: Russell Sage Foundation, 1992); Irwin Garfinkel, Sara S. McLanahan, and Philip K. Robins, eds., *Child Support Assurance: Design Issues, Expected Impacts, and Political Barriers as Seen from Wisconsin* (Washington, D.C.: Urban Institute Press, 1992); General Accounting Office, *Child Support Assurance: Effect of Applying State Guidelines to Determine Fathers' Payments* (1993); Robert I. Lerman, "Child-Support Policies," in Phoebe H. Cottingham and David T. Ellwood, eds., *Welfare Policy for the 1990s* (Cambridge, Mass.: Harvard University Press, 1989); and Elaine Sorensen and Sandra Clark, "A Child-Support Assurance Program: How Much Will It Reduce Child Poverty, and at What Cost?" *American Economic Review*, vol. 84, no. 2 (May 1994).

participation rates ranged from 73 percent to about 84 percent, rising with the amount of the CSAP's maximum benefit.

Third, CBO's estimates of costs for a CSAP take "recoupment" into account; that is, CSAP benefits paid in some months would be recouped from future payments of child support during that calendar year. Without recoupment, families would have an incentive to time the payment of child support to maximize CSAP benefits. (For example, a noncustodial parent could pay the year's child support in the last month of the year, and without recoupment, the custodial parent would receive the entire year's child support as well as CSAP benefits in all but one month.)

Fourth, the figures in this memorandum do not represent formal CBO cost estimates because some costs have been left out. For example, the costs of administering a CSAP are missing, as are the effects on costs of any changes in the behavior of parents. (However, the memorandum does discuss those topics later.) In addition, CBO's estimates represent total costs to all levels of government that might be involved in financing a CSAP, without breaking down that financing among them.

Finally, the estimated effects of a CSAP are based on current law. Those effects would differ should the government enact legislation similar to H.R. 4, the Personal Responsibility and Work Opportunity Act of 1995, which was passed by the Congress but vetoed by the President. The act would have strengthened the child support system to increase collections of support, thus reducing the gross costs of a CSAP. However, changes the act would have made in the AFDC program, reducing the number of recipients and outlays, would lower any offsetting savings in AFDC. Those changes would also affect distribution of the net costs of a CSAP among federal, state, and local governments and its impact on families' incomes and their poverty status.

Varying Eligibility Requirements and Benefit Levels. The major decision with respect to eligibility for a CSAP would be whether to confine benefits to children who had child support awards or to furnish benefits to children without awards as well, provided that their parents cooperated with authorities in attempting to secure awards. A CSAP that restricted eligibility to children with child support awards and kept the maximum benefit low (\$1,500 annually for the first child, \$500 for the second, and \$500 for the third, equaling a family maximum of \$2,500) could be set up at a modest cost in benefit payments. CBO estimated that the gross costs of such a program in 1995 would be \$2.6 billion (see Table 1). If each dollar of benefits from the CSAP was counted in full as income in the AFDC and Food Stamp programs, savings in those programs would total \$1.0 billion. Further, if benefits from the CSAP were subject to federal income taxes, revenues would increase by

TABLE 1. ESTIMATED COSTS AND EFFECTS UNDER THREE STANDARD DESIGNS OF A CHILD SUPPORT ASSURANCE PROGRAM, 1995

	Low Maximum Benefit, Award Required	Medium Maximum Benefit, Award or Cooperation Required	High Maximum Benefit, Award or Cooperation Required
Costs (Billions of dollars)^a			
Gross Costs ^b	2.6	12.6	20.1
AFDC and Food Stamp Savings (-) ^c	<u>-1.0</u>	<u>-6.6</u>	<u>-10.2</u>
Net Costs Excluding Revenues	1.6	6.0	9.9
Increase in Income Tax Revenues(-)	<u>-0.3</u>	<u>-1.0</u>	<u>-1.8</u>
Net Costs	1.3	5.0	8.1
Effects on Families			
Number of Families Receiving Benefits (Millions)	2.4	5.8	6.8
Average Annual Payment per Family (Dollars) ^d	1,105	2,170	2,955
Percentage of Families Losing Eligibility for AFDC ^e	1.4	15.0	29.7
Effects on Family Incomes and Poverty Status (Percent)^f			
Change in Average Annual Income	g	2	3
Change in Poverty Rate ^h	-1	-4	-7
Change in Poverty Gap ⁱ	-2	-11	-17

SOURCE: Congressional Budget Office based on estimates from the Urban Institute's TRIM2 microsimulation model.

NOTE: Costs and effects are only for families who include a custodial mother. AFDC = Aid to Families with Dependent Children.

- Costs do not include administration of a CSAP or potential savings in other government programs such as Medicaid. In addition, costs do not take into account which level of government--federal, state, or local--finances the program.
- After recouping CSAP benefits from child support payments. Families and children whom the costs cover include those who received some benefits during the year but no benefits for the entire year after recoupment.
- Savings assume that a dollar of benefits from a CSAP is counted as a dollar of nonwage income.
- After recoupment and before reductions in AFDC benefits. Payments thus do not represent an increase in family income.
- The percentage of families who lose their AFDC benefits is based only on those families who are receiving AFDC and who are also eligible to receive child support.
- Estimates reflect changes for all families who are potentially eligible for child support.
- Less than 0.5 percent.
- The poverty rate is the percentage of families whose incomes fall below the poverty threshold.
- The poverty gap is the aggregate difference between the poverty threshold for a family of a given size and its income.

\$0.3 billion. As a result, CBO estimated that the net costs of benefits would be only \$1.3 billion.

Under that program design, an estimated 2.4 million families--fewer than one-fifth of all families who were potentially eligible for child support--would receive benefits averaging \$1,105 a year. Reflecting the modest costs of the program, the impacts on families would also be small: 1.4 percent of families would lose their eligibility for AFDC, and the poverty rate for families who were potentially eligible for child support would drop by 1 percent.

Other designs could raise the costs of the program sharply. For instance, expanding eligibility to include children whose parents cooperated in securing child support awards and raising the maximum benefit to a "medium" level (\$2,000 annually for the first child, \$1,000 for the second, and \$500 each for the third and fourth, equaling a family maximum of \$4,000) would push the gross costs of the program to \$12.6 billion and the net costs to \$5.0 billion. The number of families who received benefits would increase two and a half times to 5.8 million (or 45 percent of all families who were potentially eligible for child support), and average payments per family would about double. The proportion of families who lost eligibility for AFDC would jump to 15 percent, and the decline in the poverty rate would increase to 4 percent. The poverty gap would drop by 11 percent for families who were potentially eligible for child support. (The poverty gap measures the aggregate difference between families' poverty thresholds and their incomes.)

Most of those higher costs and enhanced effects on families would result from allowing cooperators to participate rather than from the higher level of benefits. CBO estimated that allowing cooperators accounted for more than 80 percent of the rise in gross costs, AFDC savings, and number of families who received benefits. In any CSAP, cooperation could be defined strictly (for example, mothers who provided valid information on fathers' addresses, social security numbers, and so on) or loosely (for instance, any mother who applied for services from the child support enforcement agencies). CBO assumed that all mothers who were receiving AFDC but had no child support awards would be deemed cooperators because the AFDC program now requires them to cooperate in order to receive that aid (although the cooperation requirement apparently is not well enforced). For mothers who were not receiving AFDC, CBO assumed that 30 percent of those without awards would qualify as cooperators.

Over the long run, CBO's estimates overstate the additional costs a CSAP would incur by allowing cooperators to participate because they do not take into account cooperators who may secure awards and receive child support payments. If cooperators received child support at about the rates and amounts of all families who were potentially eligible for child support--an overly optimistic assumption--gross

costs would fall by \$1.8 billion (or 15 percent) to \$10.7 billion, and net costs would drop by \$1.6 billion (or one-third) to \$3.4 billion.

Limiting eligibility for a CSAP to children who had child support awards would provide the strongest incentive for custodial parents who did not have awards to secure them--and thus ensure a better future for their children. Such a limit would also lower the costs of the program. But it might be seen as inequitable for custodial parents who made every effort to obtain awards but were unsuccessful because of failures of the child support system. Many of the children who failed to qualify would be from the poorest families. Allowing cooperators to receive benefits from a CSAP would remove that inequity and could significantly reduce the number of families who were receiving AFDC--but at the cost of administrative complexity and an inevitable arbitrariness in defining and enforcing cooperation. Moreover, if cooperation was loosely defined or enforced, or both, custodial parents would have less of an incentive to secure awards than they do now because their CSAP benefits would substitute for their forgone child support.

Maintaining the same definition of cooperation but raising the maximum benefit to a "high" level would increase costs even more sharply and have major effects on families (see Table 1). Under that design, the maximum benefit would be \$3,000 a year for the first child with \$1,000 increments each for the second through fifth children, equaling a family maximum of \$7,000 a year. The gross costs of such a program would rise to an estimated \$20.1 billion and the net costs to \$8.1 billion. Benefits averaging \$2,955 a year would go to 6.8 million families, or 52 percent of the families who were potentially eligible for child support. Almost 30 percent of families who were receiving AFDC would lose their eligibility for that program. For families who were potentially eligible for child support, the poverty rate would drop by 7 percent and the poverty gap by 17 percent.

As the level of the maximum benefit increased, the CSAP would replace more unpaid child support, thus decreasing poverty more dramatically. In addition, more families who were receiving AFDC would be removed from that program. The costs of the CSAP would, of course, increase with larger maximum benefits, and the intended and unintended behavioral effects would be magnified. For a growing number of families, benefits would exceed their child support awards, with the result that the program would more closely resemble a pure income supplement. In a program with the low maximum benefit, benefits would exceed awards for fewer than 10 percent of families, rising to about 20 percent with the medium maximum benefit and to 60 percent with the high benefit. However, the program could be designed to cap payments at the amount of each family's award, thus eliminating the pure income supplement. Presumably, a cap would mean limiting eligibility to families with awards. That design would provide larger payments to higher-income rather than to lower-income families.

Imposing a Means Test. A means test would confine eligibility for a CSAP to families with low or moderate incomes, depending on its design. CBO simulated a means test that would phase out benefits at a rate of 21 percent (the phaseout rate in 1996 for the earned income tax credit for families with two or more children), beginning at incomes equal to 200 percent of the poverty threshold. That level was projected to be about \$24,000 for a family of three in 1995. Thus, no change in benefits would occur for families in which the incomes of the mother and stepfather, if one was present, were below that level.

Under the means test described above, the costs of benefits would decline by \$0.5 billion for a CSAP with a low benefit and an award required for eligibility; they would drop by \$1.2 billion for the medium-benefit, cooperators-allowed package and by \$2.0 billion for the high-benefit, cooperators-allowed package. If the means test substituted for taxing benefits, however, savings from the means test under the three designs would amount to only \$0.2 billion to \$0.3 billion.

Whether policymakers considered a means test important would depend on the incomes of beneficiaries. CBO estimated that in 1995, about 30 percent to 45 percent of families who were eligible for benefits (depending on the design of the CSAP) had incomes below the poverty threshold. About 15 percent to 20 percent had incomes above \$50,000.

The use of a means test has advantages and disadvantages. Instituting such a test would eliminate payments to families who were not in need of government assistance, possibly allowing policymakers to target higher benefits toward children with lower family incomes. It might also lower the costs of the program. Perhaps the strongest disadvantage of a means test is that it could also decrease the amount of work some beneficiaries were willing to perform, because a portion of any increase in their earnings would be lost through reductions in their benefits. However, because fewer families would receive benefits in a program with a means test, those reductions in work might be offset for all families in the aggregate.

Another argument some people make against the means test is that it would turn the CSAP into “just another welfare program” and possibly lead to the stigmatizing of beneficiaries. It would also complicate the administration of the program, thus raising the administrative costs per beneficiary. Depending on the specific test that was used--and how much it saved in benefits or, possibly, lost in tax revenues--the administrative costs could outweigh any savings.

Integrating CSAP Benefits with AFDC. If each dollar of benefits from a CSAP reduced AFDC payments by a dollar, the costs of a CSAP would be lessened and the greatest number of families would lose their eligibility for AFDC. Those families

would have no greater incentive to secure child support awards unless they saw child support as a way off welfare over the longer term.

If, instead, a dollar of benefits from a CSAP reduced AFDC by 67 cents, some of the neediest families would see their incomes increase. AFDC savings would drop by between \$0.3 billion and \$2.5 billion a year, rising with expanded eligibility and higher maximum benefit levels of the CSAP. Net costs would increase by between 17 percent and 28 percent compared with a program that had a dollar-for-dollar offset.

Administration and Financing. Based on existing income support programs, a range of options is available for administering and financing a nationwide CSAP--from a fully federal program like Social Security to a program like AFDC, in which, under current law, federal and state governments share policymaking and funding. Most proponents assume that if a CSAP was implemented nationwide, it would be a federal program administered by the Office of Child Support Enforcement, the Social Security Administration, the Internal Revenue Service, or some new agency. Ties to state and local child support enforcement agencies would have to be strong, at least in the short run, because those agencies would provide necessary information on the award and payment status of each family. (In H.R. 4, the 104th Congress would have required states to set up automated central registries to provide that information for many families.)

Most proponents of a national program not only see it as federally administered but also fully federally financed. Of course, other options would be possible. For example, state child support agencies could administer a CSAP. In that case, some sharing by the state in financing might be necessary to ensure efficient, effective operation of the program.⁵

Summarizing a CSAP's Potential Effects on Behavior

Like any income security program, a CSAP would encourage its beneficiaries and other people that it affected to alter their behavior. Those behavioral changes might lead to positive or negative outcomes.

Securing Awards. If eligibility for a CSAP was contingent on having a child support award, some custodial parents without awards would try to secure them in order to receive benefits. A strict--and tightly enforced--cooperation test would probably lead to more awards. Alternatively, a program that had a loose--and poorly enforced--

5. Even if states paid no part of a CSAP's costs, they would experience budgetary savings if families left AFDC because of the CSAP's benefits.

cooperation requirement, or that allowed all children who were eligible for child support to receive benefits, would lead fewer custodial parents than at present to seek awards because the benefits from a CSAP would substitute for regular child support. For families who were receiving AFDC, the incentives would be much weaker to the extent that the CSAP offset the benefits due the family by comparable reductions in their AFDC payments.

No evidence exists on the behavioral changes caused by a CSAP like the one discussed here. A demonstration in New York State found that making program benefits contingent on having an award led to a significant increase in the number of families who secured new awards for child support. That program, however, was limited to parents who were receiving AFDC and differed significantly from the general CSAP model.

Any increase in the number of child support awards or in cooperation would make more families eligible for the CSAP, thus raising the direct costs of the program. Additional costs would be incurred for families with new awards but no child support payments and for those whose payments fell below the program's maximum benefit level. However, any increase in payments for child support would reduce costs for AFDC, food stamps, and other government programs, offsetting to some degree the increase in the costs of the CSAP.

Reducing Payments of Child Support. By substituting for some portion of the child support paid by noncustodial parents, the benefits from a CSAP would encourage those parents to reduce their payments. CSAP benefits would also offer an incentive to custodial parents to pursue those payments less vigorously than they might otherwise have done. Any drop in child support payments would depend not only on the parents' behavior but also on the enforcement capabilities of the child support system. A reduction in payments would raise the costs of a CSAP as well as the costs of the agencies that enforced child support. Designing a CSAP so that its benefits were not fully offset by payments of child support might moderate any such reduction, but the costs of the program would then increase unless the maximum benefit was also cut.

No direct evidence exists on the extent to which child support payments might fall under a CSAP. But the AFDC program, which also uses child support to reduce its costs, provides some recent findings on how payments might be affected. Researchers conducted personal interviews with sometimes quite small samples of mothers and fathers of children who were receiving AFDC. Those parents made it clear that they understood that child support payments (above the \$50 a month that the custodial parent was allowed to keep) went to the state and not to the children. As a result, many of the fathers did not pay child support--at least, not "above the table"--and many of the mothers did not comply with the AFDC program's

requirement that they cooperate in locating fathers so awards could be established and payments made.

Changing the Number of Hours Mothers Worked. A CSAP would have different effects on the work hours of mothers who were receiving AFDC and those who were not. For mothers who were receiving AFDC, CSAP benefits would raise their potential incomes when they left the AFDC program, thus making life without AFDC--but with work--more attractive. In addition, as long as CSAP benefits were not means-tested, those mothers would no longer face the high rate of benefit reduction, or "tax," on their earnings that they faced while they were receiving AFDC. But for mothers who were not receiving AFDC, work hours could drop because benefits from a CSAP would raise their nonwage income. Moreover, that effect would be exacerbated if CSAP benefits were means-tested. A recent study that simulated the possible labor-supply effects of a CSAP found increases in work hours of between 3 percent and 24 percent for mothers who were receiving AFDC and who previously had worked only an average of 212 hours a year. (The percentage increase rose with the maximum benefit and the number of eligible mothers.) For mothers who were not receiving AFDC, reductions in hours of work ranged from just over 1 percent to about 2.5 percent. For all mothers together, the study found a decline of approximately 1 percent in hours of work.

Increasing Family Dissolution and Out-of-Wedlock Births. By providing more income or more secure income in the event of divorce or separation, a CSAP might contribute to marital disruptions. It might also lead to more out-of-wedlock births and, for the mothers of those children, fewer marriages with the child's father. In addition, benefits from a CSAP might encourage or discourage marriages of custodial parents to new spouses. The parents' higher incomes from the CSAP would make them more attractive marriage partners, but at the same time, those higher incomes would give them more freedom to decide whether or not to marry. In effect, many of the perverse incentives that now affect beneficiaries of AFDC would begin to affect families who were not receiving AFDC but were receiving benefits from a CSAP.

Altering Relationships. A CSAP could improve relationships between parents and between noncustodial parents and their children to the extent that failure to make child support payments was causing conflict between the parties. In addition, any increase in establishments of paternity and awards of child support that occurred as a result of the CSAP could encourage beneficial contacts between family members. Of course, those legal events could have the opposite effect for some families. And a reduction in child support payments because a CSAP was in place might lead to more conflict.